

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re: :  
CALPINE CORPORATION, et al., : Chapter 11  
: Case No. 05-60200 (BRL)  
: Debtors. :  
-----X  
ARISTEIA CAPITAL, L.L.C., :  
AURELIUS CAPITAL MANAGEMENT, LP, :  
DRAWBRIDGE SPECIAL :  
OPPORTUNITIES ADVISORS LLC, ORE :  
HILL HUB FUND LTD., NISSWA MASTER :  
FUND LTD., PINES EDGE VALUE :  
INVESTORS LTD., PINES EDGE VALUE : Civil Case No. [ ]  
INVESTORS L.P., SILVER SANDS FUND :  
LLC, STARK MASTER FUND LTD. AND :  
3V CAPITAL MANAGEMENT, LLC, :  
Plaintiffs, :  
-against- :  
CALPINE CORPORATION AND ITS :  
AFFILIATED DEBTORS AND DEBTORS :  
IN POSSESSION, :  
Defendant. :  
-----X

**NOTICE OF MOTION OF 6% CONVERTIBLE  
NOTEHOLDERS TO WITHDRAW REFERENCE  
WITH RESPECT TO DEBTORS' LIMITED OBJECTION**

**PLEASE TAKE NOTICE** that Aristeia Capital, L.L.C., Aurelius Capital Management, LP, Drawbridge Special Opportunities Advisors LLC, Ore Hill Hub Fund Ltd., Nisswa Master Fund Ltd., Pines Edge Value Investors Ltd., Pines Edge Value Investors L.P., Silver Sands Fund LLC, Stark Master Fund Ltd. and 3V Capital

Management, LLC (the “6% Convertible Noteholders”), as beneficial owners, or managers of entities or accounts that are beneficial owners, of the 6% Convertible Notes Due 2014 issued under that certain indenture, dated as of August 10, 2000, between Calpine Corporation, as issuer, and Wilmington Trust Company, as predecessor indenture trustee (together with HSBC Bank USA, National Association, as successor indenture trustee) as supplemented by that certain second supplemental indenture, dated as of September 30, 2004, by and through their undersigned counsel, jointly move (the “Motion”), pursuant to 28 U.S.C. § 157(d), Rule 5011 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 5011-1 of the Local Rules of the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), for withdrawal of the reference by the United States District Court for the Southern District of New York to the Bankruptcy Court of all proceedings relating to determining the amount and related aspects of the 6% Convertible Noteholders’ claims and reserving assets on account of such claims pursuant to the Plan (as defined in the Motion) pending such determination.

**PLEASE TAKE FURTHER NOTICE** that in support of the relief sought, the 6% Convertible Noteholders shall rely upon the Motion and incorporated Memorandum of Law, and Exhibits thereto, submitted herewith.

**PLEASE TAKE FURTHER NOTICE** that, pursuant to S.D.N.Y. Local Civil Rule 6.1(b), any opposing affidavits and answering memoranda shall be served within ten business days after the service hereof and any reply affidavits and memoranda of law shall be served within five business days after service of any answering papers.

Dated: October 1, 2007  
New York, New York

**MILBANK, TWEED, HADLEY & M<sup>c</sup>CLOY LLP**

By: /s/ Matthew S. Barr  
Dennis F. Dunne (DD 7543)  
Matthew S. Barr (MB 9170)  
Andrew M. Leblanc (*pro hac vice*)  
One Chase Manhattan Plaza  
New York, New York 10005  
Telephone: (212) 530-5000  
Facsimile: (212) 530-5219

-and-

**STUTMAN, TREISTER & GLATT, P.C.**  
Isaac M. Pachulski (*pro hac vice*)  
Eric D. Winston (*pro hac vice*)  
Whitman L. Holt (*pro hac vice*)  
1901 Avenue of the Stars, 12th Floor  
Los Angeles, California 90067  
Telephone: (310) 228-5600  
Facsimile: (310) 228-5788

Attorneys for each of Aristeia Capital,  
L.L.C., Aurelius Capital Management,  
LP, Drawbridge Special Opportunities  
Advisors LLC, Ore Hill Hub Fund Ltd.,  
Nisswa Master Fund Ltd., Pines Edge Value  
Investors Ltd., Pines Edge Value Investors  
L.P., Silver Sands Fund LLC, Stark Master  
Fund Ltd. and 3V Capital Management, LLC

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AURELIUS CAPITAL MANAGEMENT,	:
LP, DRAWBRIDGE SPECIAL	:
OPPORTUNITIES ADVISORS LLC, ORE	:
HILL HUB FUND LTD., NISSWA	:
MASTER FUND LTD., PINES EDGE	:
VALUE INVESTORS LTD., PINES EDGE	: Civil Case No. [            ]
VALUE INVESTORS L.P., SILVER	:
SANDS FUND LLC, STARK MASTER	:
FUND LTD. AND 3V CAPITAL	:
MANAGEMENT, LLC,	:
	:
Plaintiffs,	: <b>ORAL ARGUMENT REQUESTED</b>
	:
-against-	:
	:
CALPINE CORPORATION AND ITS	:
AFFILIATED DEBTORS AND DEBTORS	:
IN POSSESSION,	:
	:
Defendant.	:
-----X	

**MOTION OF 6% CONVERTIBLE  
NOTEHOLDERS TO WITHDRAW REFERENCE  
WITH RESPECT TO DEBTORS' LIMITED OBJECTION**

TO THE HONORABLE UNITED STATES DISTRICT COURT JUDGE:

Aristeia Capital, L.L.C., Aurelius Capital Management, LP, Drawbridge Special Opportunities Advisors LLC, Ore Hill Hub Fund Ltd., Nisswa Master Fund Ltd., Pines Edge Value Investors Ltd., Pines Edge Value Investors L.P., Silver Sands Fund LLC, Stark Master Fund Ltd. and 3V Capital Management, LLC (the "6% Convertible")

Noteholders”), as beneficial owners, or managers of entities or accounts that are beneficial owners, of the 6% Convertible Notes Due 2014 issued under that certain indenture, dated as of August 10, 2000, between Calpine Corporation, as issuer, and Wilmington Trust Company, as predecessor indenture trustee (together with HSBC Bank USA, National Association, as successor indenture trustee) as supplemented by that certain second supplemental indenture, dated as of September 30, 2004, by and through their undersigned counsel, hereby jointly move, pursuant to 28 U.S.C. § 157(d), Rule 5011 of the Federal Rules of Bankruptcy Procedure, and Rule 5011-1 of the Local Rules of the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), seeking withdrawal of the reference by this Court to the Bankruptcy Court of all proceedings relating to determining the amount and related aspects of the 6% Convertible Noteholders’ claims and reserving assets on account of such claims pursuant to the Plan pending such determination. The bases for this Motion are set forth in the accompanying Memorandum of Law.<sup>1</sup>

This Motion is related to Civil Case No. 07-07830, which is the 6% Convertible Noteholders’ Appeal from the Bankruptcy Court’s Order dated August 10, 2007 (the “Appeal”). The Appeal was assigned to the Honorable John G. Koeltl and seeks reversal of the Order by the United States District Court for the Southern District of New York (the “Court”).

This Motion is related to the Appeal because it seeks to have the Court withdraw the reference by this Court to the Bankruptcy Court of all proceedings relating to determining the amount and related aspects of the 6% Convertible Noteholders’ claims

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<sup>1</sup> Capitalized terms not defined herein shall have the meaning assigned to such terms in the accompanying Memorandum of Law.

and reserving assets on account of such claims pursuant to the Plan pending such determination. The 6% Convertible Noteholders submit that assignment of this Motion to the Honorable Judge Koeltl would promote judicial efficiency because of his familiarity with the issues in the Appeal.

*[Remainder of the page intentionally left blank]*

**WHEREFORE**, the 6% Convertible Noteholders respectfully request that this Court (i) withdraw the reference by this Court to the Bankruptcy Court of all proceedings relating to determining the amount and related aspects of their claims and reserving assets on account of such claims pursuant to the Plan pending such determination and (ii) grant the 6% Convertible Noteholders such other relief as is just.

Dated: October 1, 2007  
New York, New York

**MILBANK, TWEED, HADLEY & M<sup>c</sup>CLOY LLP**

By: /s/ Matthew S. Barr  
Dennis F. Dunne (DD 7543)  
Matthew S. Barr (MB 9170)  
Andrew M. Leblanc (*pro hac vice*)  
One Chase Manhattan Plaza  
New York, New York 10005  
Telephone: (212) 530-5000  
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